Request for an 1115 Waiver to Provide Family Coverage Under CHIP for Families and Pregnant Women With Gross Incomes Below 200 Percent of Poverty

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Background

New Jersey implemented CHIP coverage known as NJ KidCare, effective February 1, 1998. Initially, coverage was limited to children with gross family income below 200%. The program was designed as a combination Medicaid expansion and State CHIP initiative. Medicaid coverage (NJ KidCare Plan A) is provided for children with net income after disregards at or below 133% of the federal poverty level (FPL). Children with gross family income between 133% and 200% of the FPL are eligible for an extensive package of services under the CHIP program (Plans B and C). The benefit package is based on the Federal Employee Health Benefit Program PPO benchmark with enhancements. For children with family income above 150% of the FPL (NJ KidCare Plan C), cost sharing is required. Cost sharing is limited to a $15 per month premium and modest copayments, with an overall cost sharing cap equal to 5% of family income. While the required period of uninsurance for Plans B and C started at 12 months, it was later reduced to 6 months, with exceptions granted in limited circumstances (for example, loss of job).

Effective 7/1/99, New Jersey redefined the definition of income under NJ KidCare. As a result, NJ KidCare was expanded to include children with gross income up to 350% of the FPL (Plan D). For this population, coverage is based on the most widely sold commercial HMO package in the State. While the 5% limit on cost sharing still applies, premiums and copayments are higher than under NJ KidCare Plan C.

Other program enhancements soon followed. A presumptive eligibility program was implemented for Medicaid and NJ KidCare children with gross family income below 200%. The required period of uninsurance was also eliminated for children in families with income below 200% who were insured through the more costly, individual insurance market.

New Jersey continues its aggressive marketing and outreach efforts under NJ KidCare. Currently, there are 70,812 enrolled children. It is estimated that there are 154,000 eligible children. This information is based on a New Jersey specific study conducted by Mathematica Policy Research utilizing data from the Current Population Survey and other sources and a technique known as “borrowing strength”, which utilizes other data to ensure more accurate State-level results .

New Jersey has also expanded coverage for adults. The 2-year extension of Medicaid that was provided under an AFDC waiver was continued as part of welfare reform. More recently, New Jersey moved to ensure ongoing coverage by utilizing the provision of Section 1931 to redefine income under the AFDC rules and eliminating the 100 hour rule. We have also

implemented an extensive program to identify families that may have inadvertently lost coverage as a result of the delinking of Medicaid and Temporary Assistance to Needy Families (TANF).

New Jersey also provides safety-net coverage for children and adults through its disproportionate share hospital funding, which includes funding for the charity care program.

Extending coverage beyond children to the family unit is the next logical step in the evolution of coverage for the uninsured in New Jersey. It demonstrates New Jersey's ongoing commitment to ensuring access to health care for all citizens. New Jersey was fortunate to receive a planning grant through the Robert Wood Johnson Foundation's State Coverage Initiative that has helped support ongoing planning efforts.

Introduction to Waiver Request

Despite the efforts of the States, 42% of parents with family income below 100% of FPL are uninsured nationally. Of those with income between 100 and 199% of the FPL, 34% are uninsured. This often translates to lack of coverage for their children as well. [1]

As stated by Thorpe, "lack of health insurance tends to be a shared family problem." [2] Approximately 48% of the children of uninsured parents with income below the poverty level are uninsured. Over two-thirds of the children of uninsured parents with income between 100 and 200% of the FPL are uninsured.[3] Looking at the problem from another angle, in 1996, 80% of the parents of uninsured children were themselves uninsured. [4]

In New Jersey, 31.3% of low-income parents under 200% FPL were uninsured. Almost 46% of these parents had income below 133% of the FPL. [5]

The goal of the Children's Health Insurance Program (CHIP) is to provide health insurance coverage to uninsured children. The current CHIP requirements severely limit the extent to which States can provide family coverage. Since families rarely make health insurance decisions in a vacuum, these limits on family coverage adversely impact the ability of States to enroll uninsured children. This has been demonstrated in studies that looked at children eligible for Medicaid.[6] In fact, Medicaid waivers that cover entire families are found to have child enrollment rates 19% higher than similar states that limit enrollment to children. [7]

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[1] Holahan, John and Brennan, Niall, "Who Are The Adult Uninsured." New Federalism: National Survey of America's Families, Number B-14 in Series. March 2000.
[2] Thorpe, Kenneth E. and Florence, Curtis S., "Covering Uninsured Children and Their Parents: Estimated Costs and Number of Newly Insured." Institute for Health Services Research, Tulane University. July 1998.
[3] Holahan, John and Brennan, Niall, "Who Are The Adult Uninsured." New Federalism: National Survey of America's Families, Number B-14 in Series. March 2000.
[4] Thorpe, Kenneth E. and Florence, Curtis S., "Covering Uninsured Children and Their Parents: Estimated Costs and Number of Newly Insured." Institute for Health Services Research, Tulane University. July 1998.
[5] Holahan, John and Brennan, Niall, "Who Are The Adult Uninsured." New Federalism: National Survey of America's Families, Number B-14 in Series. March 2000.
[6] Thorpe, Kenneth E. and Florence, Curtis S., "Covering Uninsured Children and Their Parents: Estimated Costs and Number of Newly Insured." Institute for Health Services Research, Tulane University. July 1998.
[7] Selden, Thomas M., *et al*. "Waiting in the Wings: Eligibility and Enrollment In the State Children's Health Program." *Health Affairs.* Vol. 18, No. 2, March/April 1999, p. 130.

Therefore, as means to increase coverage of uninsured children and to improve their health status once enrolled, New Jersey is requesting an 1115 waiver to provide coverage to uninsured families and pregnant women with gross income below 200 percent of the federal poverty limit. This program will be known as NJ FamilyCare.

Utilizing the provisions of Section 1931 of the Social Security Act, Medicaid coverage will be provided for families with earned income up to 133% of the FPL after the application of the traditional Medicaid disregards. This mirrors the coverage provided to children under NJ KidCare Plan A. There is no asset test under NJ Family Care. While the family must be uninsured in order to be covered by NJ Family Care, there is no "crowd out" period applied to families with income below 133% of the FPL. Medicaid services will be provided on a fee-for-service basis pending enrollment in a managed care plan. Because the family is Medicaid eligible, retroactive eligibility will be available.

These families will be able to apply for coverage through the use of a mail-in application. They will also be able to apply directly at the County Board of Social Services or through one of the many community-based enrollment sites throughout the State. Like NJ KidCare, redeterminations will be done every 12 months. All the Medicaid fair hearing requirements will apply to this population.

Since the children below 133% of the FPL are eligible for Medicaid as a result of a CHIP expansion, New Jersey is seeking to claim Federal Financial Participation at the enhanced CHIP rate of 65% for coverage of the parents, up to the limits of the CHIP allotment. If the allotment amount is exceeded, the entitlement continues and New Jersey will claim Federal Financial Participation at the Medicaid rate (50%).

As part of this waiver request, New Jersey is also seeking to provide coverage for families with gross income above 133% of the FPL but below 200%. Families must be uninsured and there is a six month crowd-out provision for group health insurance coverage, with some exceptions for situations such as changes in employment. There is no crowd out provision for coverage in the individual market. There is also no asset test.

The parents will be provided a benefit package equivalent to the most widely sold HMO plan in the State. This is currently the benchmark used under NJ KidCare Plan D. The children in this income category will continue to receive an enhanced benefit plan as specified in the CHIP State Plan for NJ KidCare Plans B and C. Modest copayments equal to those used under NJ KidCare Plan D will apply to parents with income above 150% of FPL.

Like NJ KidCare Plans B and C, this will not be an entitlement for eligible families. The parents will not be eligible to receive health care services until they have paid any applicable premium and enrolled in a managed care plan. Premiums only apply to families with income above 150% of the FPL. The premium, where applicable, will be set at $25 for the first adult in the family and $10 for each additional adult member of the household. Therefore, a family of four will pay $50 per month ($25 for first adult, $10 for second adult and $15 for the children.) Total cost sharing for the family will be limited to 5% of family income (see exception discussed below).

These families will be able to apply for coverage through the use of a mail-in application. They will also be able to apply directly at the County Board of Social Services or through one of the many community-based enrollment sites throughout the State, although all eligibility determinations for families with income above 150% of the FPL will be made by the State contracted eligibility vendor. There is no retroactive eligibility for this population. Like NJ KidCare, redeterminations will be done every 12 months. Medicaid fair hearing requirements will not apply to this population, although families will have available the same grievance process as utilized under the stand alone CHIP program.

New Jersey is seeking to claim Federal Financial Participation at the enhanced CHIP rate of 65% for coverage of the parents with income between 134% and 200% of the FPL and parents with income below 133% of FPL who are not eligible for the Medicaid expansion because of unearned income. The federal funding will be claimed only up to the limits of the CHIP allotment. If the allotment amount is exceeded, the families will be covered under a state-only program, up to the limit of the State appropriation. If that State appropriation limit is reached, enrollment will be capped and a waiting list established.

While coverage will be available to qualifying families with incomes below 200% of poverty, the state wants to do everything possible to leverage available funds through employer sponsored coverage. Therefore, the State is developing a Premium Assistance Program. Eligible families will be required to enroll in available employer-sponsored coverage. In order to provide an additional incentive for families to enroll in ESI coverage, the premium for the children enrolled in ESI will be reduced. Enrollment in these ESI programs will reduce state and federal government costs, since employers will be paying a significant portion of the costs of the coverage.

Enrollment in ESI coverage will only be pursued if the cost to the State and family combined is less than what it would cost the State to provide coverage under the State-contracted plan. In addition, the employer must pay at least 50% of the cost of the family coverage. New Jersey is requesting the use of a 50% employer participation requirement as a means of encouraging providers who do not now offer insurance to begin to do so. Keeping the employer share requirement at a reasonable level will be most important in small firms and firms employing predominantly low wage workers. When coupled with the cost effectiveness test and the 6 month look-back provision, it will still serve to adequately protect against crowd-out.

ESI participation will be verified on initial enrollment in the employer plan and quarterly thereafter. Payments will be made directly to the employee and will be timed to mirror the payroll deduction for the coverage.

If the employer is a large business (more than 49 employees), families will not be enrolled in the employer sponsored coverage unless the benefit package meets or exceeds the NJ Family Care package. If the employer is a small business, families will not be enrolled unless one of the standardized insurance plans is provided. Wrap-around services will be provided on a fee-for-service basis.

Since copayments for preventive services to children are not allowed, the State will develop a voucher program to reimburse providers directly for any such copayments under an ESI plan.

The State will also use this system to "fill-in" for any cost sharing requirements that exceed those required in the state-contracted, benchmark plan.

If an employer offers a plan that has richer benefit package than that provided under NJ Family Care but the employer plan is not determined to be cost effective, families will have the option of paying the excess amount out of pocket. Because the family had the option of enrolling in the State-contracted plan under these circumstances, this supplemental payment will be excluded from the calculation of the 5% cost limit.

Finally, there is no question that early and sustained prenatal care is important to the health of the newborn. Currently, the State provides coverage for pregnant women under Medicaid with incomes up to 185% of the FPL. In order to protect the health of the potentially eligible unborn child, coverage will be expanded to include pregnant women up to 200% of the federal poverty level. There will be no premiums or other cost sharing for this group of eligibles. Benefits will equal the Medicaid package of services. Coverage will be provided for 60 days following delivery. At that time, eligibility will be determined for general NJ FamilyCare program.

It should be noted that some women who are covered under NJ Family Care with income below 185% FPL may become pregnant during their enrollment. Given that redeterminations will only be done every 12 months and to avoid any disruption in service, these women will continue to be covered under Family Care. However, if their pregnancy becomes known to the agency, they will be transferred to Medicaid coverage.

As indicated above, coverage under the federal CHIP 1115 waiver for families will be budget neutral because federal dollars will be claimed only up to the amount of the State allotment. Most importantly, the State's primary focus under CHIP will continue to be the identification and enrollment of all eligible children. The State will only claim for coverage to waiver-eligible parents if there is an unused balance in the State CHIP allotment after providing for coverage to all enrolled children.

New Jersey also plans to implement a State-only program that will supplement the federal allotment. Therefore, as more children are enrolled and the amount of CHIP dollars available to support family coverage declines, the State will assume the cost of the parent coverage up to the limit of the State appropriation. Coordination between the 2 programs will insure that parents covered under the waiver do not lose coverage when the available funding under the CHIP waiver declines.

Utilizing state-only funds, New Jersey will provide comparable coverage for lawfully admitted aliens who do not meet the definition of a qualified alien. Like NJ KidCare, this will include lawfully admitted children with gross incomes up to 350% of FPL before the application of disregards. Like NJ FamilyCare, this will also include coverage of their parents with gross incomes below 200% of the FPL. We are hopeful that a future change in federal law will allow us to offer coverage with federal match. State-only coverage will also be provided to single adults and childless couples with gross income up to 100% of the FPL.

The attached chart provides a full description of the proposed family coverage program.

Authority

The waiver will be submitted in accordance with Section 2107(e)(2)(A) of the Social Security Act, which grants the Secretary authority to approve demonstration projects under CHIP.

Title XXI Provisions Subject to Waiver

New Jersey is seeking a waiver of the statutory provisions outlined below.

General Authority:

Under the authority of Section 1115(a)(2), New Jersey is seeking a waiver to provide coverage under Title XXI to (1) the parents of an eligible low-income child with family income below 200% FPL, regardless of age, and (2) pregnant women with income up to 200% of the poverty level who are not Medicaid eligible, regardless of age.

Family Coverage:

The CHIP statute allows family coverage to be provided in limited circumstances. Under Section 2105(c)(3)(A), family coverage can only be provided when it is cost-effective. Cost-effective is defined in terms of what it would cost to cover the eligible children in the family absent the availability of group coverage. New Jersey is seeking a waiver of this provision to provide coverage, including coverage through employer sponsored group plans, even if it does not meet the statutory definition of cost effectiveness. However, a family-based cost-effectiveness test will still be applied. This will ensure that employer-based family coverage does not exceed the cost to enroll the family in the State-contracted program.

Benchmark coverage:

Section (2103(a)(1) and (b) of the statute defines the required benchmark coverage. Under the New Jersey FamilyCare program, parents with family income up to 133% of the FPL will receive the Medicaid benefit package. Parents with income above this amount but below 200% of the FPL will be eligible for a State-defined package of benefits based on the most widely sold commercial HMO package in the State. This package is less extensive than the package provided to the children in the family. Parents who have group coverage available to them through an employer will be required to avail themselves of that coverage. However, the package of services provided by large employers must equal or exceed the benchmark plan. If not, the parents will be enrolled in the state-contracted plans. Coverage purchased through the standardized plans available in the small group market will be supplemented by State-financed, wrap around services. This will ensure the benchmark package is provided.

To the extent it is necessary, New Jersey is seeking a waiver of the benchmark coverage definition.

Other Provisions

New Jersey is seeking a waiver of any other provision necessary to effectuate the coverage described in this request.

Expected Benefits/Objectives

New Jersey believes such a waiver should be granted because:

- **Providing family coverage will facilitate the enrollment of uninsured children.**

  - The New Jersey design of the CHIP program recognized the need to deal with fractured health care system for children, where some children in the family were eligible for coverage and others were not.
  - Keeping families together under a single insurance plan is an important public policy objective.
  - FamilyCare takes the next step to deal with the fractured system of care for families. The program recognizes that it is unrealistic to believe that families make coverage decisions for individual family members in isolation.
  - Family health insurance coverage promotes child enrollment. [8]
  - Providing expanded family coverage will allow greater use of employer-sponsored insurance. Assisting uninsured, low-income families to buy into existing employer coverage will eliminate the stigma associated with participation in a public program and foster enrollment of eligible children.

- **Providing family coverage will improve the health status of covered children and their families.**

  - Uninsured individuals are less likely to avail themselves of preventive health care services.[9]
  - Low income, uninsured children are more likely to get sick from a preventable illness.[10]
  - When compared to their insured counterparts, uninsured low income parents were more likely to have a fair or poor health status and have unmet medical needs. They were less likely to have had any doctor or professional health visit.[11]
  - Uninsured individuals are more likely to lack a usual source of care. [12]
  - If an adult is more likely to utilize the health care system as a result of being insured, then the children should also benefit through more likely utilization of the health care system.[13]
  - Family health insurance coverage promotes continuity of care and children's well-being.[14]

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[8] Thorpe, Kenneth E. and Florence, Curtis S., "Covering Uninsured Children and Their Parents: Estimated Costs and Number of Newly Insured." Institute for Health Services Research, Tulane University. July 1998.
[9] Shoen, Cathy and Puleo, Elaine. "Low-Income Working Families At Risk: Uninsured and Underserved." *Journal of Urban Health: Bulletin of the New York Academy of Medicine,* March 1998. P.40.
[10] Edmunds, Margo, et al. "All Over the Map. A Progress Report on the State Children's Health Insurance Program". Health Division of Children's Defense Fund. July 2000.
[11] Holahan, John and Brennan, Niall, "Who Are The Adult Uninsured." New Federalism: National Survey of America's Families, Number B-14 in Series. March 2000.
[12] Holahan, John and Brennan, Niall, "Who Are The Adult Uninsured." New Federalism: National Survey of America's Families, Number B-14 in Series. March 2000.
[13] Hanson, Karla L. "Is Insurance for Children Enough? The Link Between Parents' and Children's Health Care Revisited." *Inquiry*, Vol. 35, Fall 1998. p. 301.

- Adequate prenatal care increases the likelihood that an infant will be immunized.[15]

- **Providing family coverage will complement welfare reform activities.**

  - Utilizing the Section 1931 authority, New Jersey provides a full two-year extension of Medicaid benefits following employment. NJ FamilyCare will ensure ongoing coverage for low-income families beyond the 2 years currently provided for under the New Jersey Medicaid state plan.
  - Under FamilyCare, New Jersey will be expanding Title XIX coverage to all parents with earned income up to 133%. This will be accomplished through the disregards allowed under Section 1931.
  - As income rises (above 133%), the coverage should mirror that available in the commercial sector. Providing a commercial package will help to avoid crowd-out associated with the provision of a richer benefit package.
  - The lowest take-up rates for available employer sponsored insurance occurs in low-wage firms (defined as 35% or more of the employees make less than $20,000 per year).[16] Over time, this lack of health insurance coverage will have a negative effect on welfare reform activities.

- **Providing coverage to pregnant women with family income up to 200% FPL will protect the health status of the unborn child.**

  - Women with income between 185% and 200% of the FPL are not currently eligible for coverage, even though the unborn child will be eligible for NJ KidCare at birth.
  - Expanding coverage to include all pregnant women up to 200% of the FPL is a prudent investment in the health of the unborn child.

Evaluation Mechanism

New Jersey will:

- Determine the number of newly enrolled children under NJ FamilyCare by age.
- Determine the retention rate for children whose parents are covered under NJ FamilyCare compared to children whose parents are not covered under NJ FamilyCare.
- Determine the number of well-child examinations for children whose parents are covered under NJ FamilyCare to children whose parents are not covered under NJ FamilyCare.
- Determine the number of children born to pregnant women between 185 and 200% of the FPL.

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[14] Thorpe, Kenneth E. and Florence, Curtis S., "Covering Uninsured Children and Their Parents: Estimated Costs and Number of Newly Insured." Institute for Health Services Research, Tulane University. July 1998.

[15] Hanson, Karla L. "Is Insurance for Children Enough? The Link Between Parents' and Children's Health Care Revisited." *Inquiry*, Vol. 35, Fall 1998. p. 295.

[16] Edmunds, Margo, et al. "All Over the Map. A Progress Report on the State Children's Health Insurance Program". Health Division of Children's Defense Fund. July 2000. pg. 55-57.

Budget Neutrality

New Jersey is seeking to claim against the CHIP allotment. Budget neutrality for this waiver is based on the fact that State CHIP funding is limited by the allotment formulas. Therefore, New Jersey expenditures will be capped at the allotment amount. The allotment will first be used to cover eligible children, with only the remainder used to cover the waiver expansion.

Timeframe

New Jersey is seeking a waiver for the maximum period permitted under the statute.

Effective Date

New Jersey plans on beginning outreach to parents in early September. Medicaid enrollment of parents under 133% of the FPL will begin immediately following the outreach. Enrollment of parents between 133% and 200% of the FPL in State-contracted managed care plans shall begin no later than November 1, 2000. The premium assistance program will be effective January 1, 2001.

Assurances

New Jersey offers the following assurances:

- New Jersey currently provides coverage for children up to 200% of the FPL.
- New Jersey has taken extensive action to ensure enrollment of eligible children, including:
  - Established a presumptive eligibility program for children.
  - Elimination of asset test for all children and all AFDC-related Medicaid programs.
  - Moved to a 12 month redetermination period for all children covered under Medicaid or NJ KidCare (S-CHIP).
  - Single mail-in application for CHIP and Medicaid.
  - Mail-in redeterminations for CHIP and Medicaid utilizing pre-printed redetermination form.
  - Transfer between Medicaid and CHIP coverage without a new application or gap in coverage when a child's eligibility status changes.

New Jersey will insure that higher income individuals will not be made eligible over lower income eligibles. It should be noted, however, that if enrollment caps are reached, New Jersey will not require higher income individuals already enrolled to disenroll in order to provide coverage to a new lower-income eligible.

Outreach Plan

The New Jersey outreach plan for NJ FamilyCare, includes but is not limited to:

- Extensive media plan to include television, radio, newspaper and bus advertisements.
- Utilize extensive system of NJ KidCare enrollment sites to attract and enroll parents.

- Amend contracts with community-based organizations to conduct outreach, including targeted outreach to immigrants and other hard-to-reach populations.
- Direct mail to parents of Medicaid and NJ KidCare eligible children.
- Wide distribution of brochures and Fact Sheets.
- Web site, including application.
- Use of toll-free hotline.

All documents will be produced in English and Spanish. Fact Sheets will be produced in a number of other commonly spoken languages. Currently, the NJ KidCare program has fact sheets in eight different languages.

Public Process

- A inter-departmental Working Group was established to develop New Jersey's NJ KidCare program. In Governor Whitman's SFY 2000 budget address, she charged the Working Group with making recommendations on further expanding coverage in New Jersey. On April 20, 1999, the Association for Children of New Jersey hosted a public meeting at which time the Final Report of the NJ KidCare Phase II Work Group was presented. In the potential next steps portion of the executive summary, the Working Group made the following statement:

  "**Family Coverage.** While current federal requirements make it difficult to extend NJ KidCare eligibility to parents of eligible children, a growing body of research and experience indicates that children's health insurance coverage and their access to care is enhanced if parents are also insured. The Work Group recommends that New Jersey carefully monitor developments at the federal level and in other states that may facilitate broader coverage of parents".

- NJ FamilyCare was initially proposed as part of the Governor's SFY 2001 budget in January 2000. As such, there was extensive media coverage surrounding the Governor's recommendation.

- The legislature introduced A-49, the FamilyCare Health Coverage Act, on May 11, 2000. A companion bill was introduced in the Senate on June 19, 2000. The following legislative hearings were held on the Family Care Health Coverage Act, including the solicitation of public testimony:
  - Assembly Health Committee – June 1, 2000
  - Senate Appropriations – June 22, 2000.

  The Governor signed the Act (P.L.2000,c.71) on July 13, 2000 at a public ceremony, which also received press coverage.

- The New Jersey Human Services Advisory Committee, in conjunction with the Association for Children of New Jersey, held a series of public meetings with community-based organizations to discuss the proposed NJ Family Care Act. At each of these meetings, a detailed description of the NJ FamilyCare program was provided and discussed in detail.

- A newspaper notice will be published to inform the public concerning the submission of this waiver request. The notice will inform the public how to submit comments regarding the waiver.

- The temporary rules implementing the NJ Family Care program will be put into effect in early September. At that time, there will be a 30 day public comment period before adoption of the final regulations.

Budget

See attached

SUMMARY OF FAMILY CARE DEMONSTRATION

	Parents With Earned Income Up to 133% of the Federal Poverty Limit	**Parents Between 134% and 200% of the Federal Poverty Limit**	**Pregnant Women** • **Up to 200% FPL** • **Meets All Criteria Except for the Definition of Qualified Alien**
Caseload Assumption	• 64,400	• 16,400	• 200
Application Process	• Mail-in • May also apply in person at CBO sites or County Boards of Social Services (CBSS) • Applications will be processed either by CBSS or will be screened by vendor and approved by State staff	• Mail-in • May also apply in person at CBO sites or County Boards of Social Services (CBSS) • Applications will be processed either by CBSS for families up to 150% of FPL or by vendor	• In-person at CBSS
Entitlement	• Yes – Section 1931 Medicaid expansion	• No – Capped funding • Federal matching funding (up to allotment amount) applied first to coverage of children • If the allotment is exceeded, the State will assume cost of covering adult family members, subject to capped State appropriation	• No – Capped funding • Federal matching funding (up to allotment amount) applied first to coverage of children • State will assume cost of remaining coverage over time, subject to capped State appropriation
Family Definition	• Includes caretaker relatives	• Includes caretaker	
Income Definition	• Disregard income up to 133% • Traditional Medicaid disregards apply	• Gross Income • No Disregards	• Gross income • No disregards
Asset Test	• Will be eliminated	• Not Applicable	• Not Applicable
Alien Provisions	• Restrictions on coverage of lawfully admitted aliens will	• Restrictions on coverage of lawfully admitted aliens will	• Restrictions on coverage of lawfully admitted aliens will

	Parents With Earned Income Up to 133% of the Federal Poverty Limit	**Parents Between 134% and 200% of the Federal Poverty Limit**	**Pregnant Women** • **Up to 200% FPL** • **Meets All Criteria Except for the Definition of Qualified Alien**
	apply to federally matched program • Alien coverage will be funded with 100% State funds	apply to federally matched program • Alien coverage will be funded with 100% State funds	apply to federally matched program • Alien coverage will be funded with 100% State funds
Crowd Out Provisions – Waiting Period	• None • Must be uninsured at the time of application	• Uninsured for 6 months for employer sponsored insurance • Exceptions apply (for example, job loss) • No waiting period for coverage purchased through the individual market	• None • Must be uninsured at the time of application
Retroactive Eligibility	• Yes. Medicaid provisions apply	• Not applicable	• Not applicable
Redetermin-ation	• 12 months • May lose eligibility for reported changes in income	• 12 months • May lose eligibility for reported changes in income	• 60 days following birth (end of the month in which the 60th day falls)
Premium	• None	• Only Applies > 150% • $25 per month for the first adult • $10 per month for additional adults in the family • Premium must be received prior to initial enrollment • 30 day grace period for non-payment of premium • If premium not paid within 3 months, including past due amounts prior to termination, then reapplication required	• None
Cost	• Not applicable	• 5% of family income	• Not applicable

	Parents With Earned Income Up to 133% of the Federal Poverty Limit	Parents Between 134% and 200% of the Federal Poverty Limit	Pregnant Women • Up to 200% FPL • Meets All Criteria Except for the Definition of Qualified Alien
Sharing Limits		• Applies to both parents and children • If parents wish to supplement coverage in order to purchase employer sponsored insurance that is not deemed cost effective (in lieu of enrollment in State contracted plan), the expenditure will NOT count toward the 5% limit.	
Copayments	• None	• Only Applies > 150% • Same as those under NJ KidCare Plan D	• None
Benefits	• Medicaid Package	• Most widely sold HMO plan in the State (same as NJ KidCare Plan D)	• Medicaid Package
Service Delivery	• Managed care – will be given choice of at least 2 plans • Medicaid contract terms apply • FFS Medicaid pending enrollment in HMO	• Managed care – will be given choice of at least 2 plans • Medicaid contract terms apply except for benefits and cost-sharing • No services pending enrollment in managed care plan	• Managed care – will be given choice of at least 2 plans • Medicaid contract terms apply • FFS Medicaid pending enrollment in HMO
Employer Sponsored Coverage	• Medicaid purchase of premium rules will apply	• Mandatory enrollment in qualified plan • Large employers – benefits must meet benchmark • Small employer market – wraparound benefits provided • No copayments for preventive	• Mandatory enrollment in qualified plan • Large employers – benefits must meet benchmark • Small employer market – wraparound benefits provided • No copayments for preventive

	Parents With Earned Income Up to 133% of the Federal Poverty Limit	**Parents Between 134% and 200% of the Federal Poverty Limit**	**Pregnant Women** • **Up to 200% FPL** • **Meets All Criteria Except for the Definition of Qualified Alien**
		services for children • Providers will bill State for excess copayments (fill-in payments) • 50% Employer contribution • Must be cost effective • Subsidy paid to family in advance of payroll deduction • 5% limit on cost sharing unless family voluntarily decides to pay excess amount in order to purchase package that is not deemed cost effective • Verification upon enrollment • Quarterly verification	services for children • Providers will bill State for excess copayments (fill-in) • 50% Employer contribution • Must be cost effective • Subsidy paid to family in advance of payroll deduction • 5% limit on cost sharing unless family voluntarily decides to pay excess amount in order to purchase package that is not deemed cost effective • Verification upon enrollment • Quarterly verification
Fair Hearings	• Medicaid rules apply	• Same rules as NJ KidCare Plans B and C (grievance process)	• Same rules as NJ KidCare Plans B and C (grievance process)
Proposed Federal Match Rate	• CHIP Match Rate (65%) up to level of CHIP allotment, then regular Medicaid rate (50%)	• CHIP Match Rate (65%) up to the level of CHIP allotment	• CHIP Match Rate (65%) up to the level of CHIP allotment
Source of State Funds	• General Fund - Tobacco Settlement	• General Fund - Tobacco Settlement	• General Fund - Tobacco Settlement